

Message Text

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PAGE 01 NASSAU 00302 192155Z

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ACTION ARA-20

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FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 5254

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TAGS: BEXP AFSP BF

SUBJ: FY 1974 COMMERCIAL ACTION PROGRAM (CAP) - BAHAMAS

REF: (A) STATE 20492 (B) NASSAU 1880

1. THE EMBASSY APPRECIATES THE DEPARTMENT'S SUGGESTIONS FOR A REVISION OF THE BAHAMAS C.A.P. AND WILL SUBMIT IT BY MARCH 8. THE EMBASSY REALIZES THAT BY NECESSITY COMMERCE IS ATTEMPTING TO TARGET ITS GLOBAL ACTIVITIES TO THOSE PRODUCTS WHICH HAVE THE HIGHEST INCREMENTAL INCREASE POTENTIAL. THE EMBASSY WILL ATTEMPT TO CONFORM TO THAT REQUIREMENT IN REVISING OUR CAP WHILE ACCOMMODATING IT TO THE LOCAL SITUATION.

2. WE BELIEVE IT WILL BE USEFUL FOR THE ACTION STAFF FOR THE BAHAMAS CAP TO SHARE THE EMBASSY'S ANALYSIS IN WORKING OUT OUR ORIGINAL SUBMISSION AND WHICH WILL BE TAKEN INTO ACCOUNT IN OUR REVISION. A GENERAL VIEW OF THIS MARKET WAS COVERED IN PARA 1 OF REF B.

3. RE OBJECTIVE 1 AND SUGGESTED REVISIONS THERETO - THE EMBASSY WILL CERTAINLY CONDUCT THE SURVEY SUGGESTED AND REPORT, IF ANY, POSSIBLE LARGE ORDERS. HOWEVER, GCOB BUDGETARY LIMITATIONS MAKE THIS SEEM UNLIKELY - BEYOND THOSE ITEMS ALREADY REPORTED BY THE EMBASSY (SEE ELECTRICITY - A-201, 10/9/73. SEWERAGE - A-240, 12/18/73; CONVENTION CENTER - NASSAU

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 NASSAU 00302 192155Z

332, 3/13/73; ARAWAK CAY - NASSAU 645, MAY 16, 1973, ETC.)

IN ESTABLISHING OBJECTIVE ONE THE EMBASSY HAD IN MIND PURCHASES NOT ALREADY COVERED IN OUR ALERT REPORTS NAMELY THE ORDINARY PURCHASES OF REGULAR SUPPLIES NEEDED TO RUN A GOVERNMENT AGENCY. BECAUSE OF ITS COLONIAL HISTORY MUCH OF THE ROUTINE PURCHASING WAS DONE THROUGH THE CROWN AGENTS IN LONDON AND THE EMBASSY WAS INTERESTED IN SWITCHING THE GCOB PURCHASING AGENTS AWAY FROM THAT SYSTEM.

4. RE OBJECTIVE TWO REF A. THE EMBASSY HAS NO OBJECTION TO THE SUGGESTED CHANGE. HOWEVER, THE OBJECTIVE AS STATED SEEMS TO RUN COUNTER TO THE INSTRUCTIONS CONTAINED IN PARA 3 OF STATE 234462 WHICH SAYS TO AVOID GENERALITIES. FURTHERMORE THE GCOB DOES NOT PUT OUT ANY PUBLICATIONS WHICH ANNOUNCE PLANNED PROJECTS OR TENDERS. WHAT LEADS THE EMBASSY HAS SUBMITTED RESULT FROM THE EXISTING CLOSE RELATIONS RECOMMENDED UNDER ACTION TWO. THE SUGGESTED ACTION THREE, WHILE APPROPRIATE FOR THE BARBADOS SITUATION, WHERE EACH ISLAND IS A SEPARATE POLITICAL ENTITY, IT IS OF LIMITED USE IN THE BAHAMAS WHERE ECONOMIC ACTIVITY FOR THE MOST PART IS LIMITED TO TWO ISLANDS.

5. OBJECTIVE THREE. EMBASSY APPRECIATES STAFF OFFERING TO DISCUSS THIS WITH THE VISA OFFICE. HOWEVER THIS PROBLEM IS NOT A NEW ONE AND THE EMBASSY HAS THE DEPARTMENT'S AUTHORITY FOR TAKING ACTION AS OUTLINED IN NASSAU 1880 WHICH DATES FROM 1972. IT HAD NOT BEEN PRACTICAL TO MOVE AHEAD ON THIS SUBJECT UNTIL RELATIVELY RECENTLY.

6. OBJECTIVE FIVE AS REWRITTEN JUMPS AHEAD OF OUR PROPOSAL AND ASSUMES THE ELIMINATION OF THE COMMONWEALTH PREFERENCES. SHOULD THE PREFERENCES BE ELIMINATED, THE EMBASSY BELIEVES NO FURTHER ACTION WOULD BE REQUIRED ON OUR PART. THE REASONS ARE: (1) MANY OF THE GOODS NOW COMING FROM THE UK AND CANADA (THE MAJOR COMMONWEALTH SUPPLIERS) ARE PRODUCTS OF US COMPANIES BENEFITING FROM THE TARIFF DIFFERENCES (E.G. CERTAIN GM CARS AND CAMPBELL FOOD PRODUCTS FROM CANADA, PARKER PENS FROM UK). MERCHANTS WILL AUTOMATICALLY SWITCH TO THE US SOURCES OF THESE PRODUCTS SINCE SHIPPING IS EASIER. (2) TOTAL EXPORTS FROM THE UK TO THE BAHAMAS (ACCORDING TO UK STATISTICS) ARE \$11 MILLION FOR FIRST HALF 1973 AND FROM CANADA UNCLASSIFIED

UNCLASSIFIED

PAGE 03 NASSAU 00302 192155Z

(ACCORDING TO BAHAMIAN STATISTICS) \$4.5 MILLION. A DETAILED ANALYSIS OF WHICH PRODUCTS PROVIDE THE GREATEST POTENTIAL IS NOT POSSIBLE SINCE BAHAMIAN TRADE STATISTICS CONTAIN GROSS ERRORS. EVEN USING THESE STATISTICS IT IS CLEAR THAT THIS \$15 MILLION IS SPREAD QUITE THINLY ACROSS THE ENTIRE RANGE OF IMPORTS SO THAT NO ONE CATEGORY AMOUNTS TO VERY MUCH. (3) ASIDE FROM THE GOODS MENTIONED IN (1) ABOVE, ANOTHER PERHAPS 8 PERCENT OF COMMONWEALTH IMPORTS ARE ITEMS FOR SALE TO US

TOURISTS (WHISKEY, CHINA, GLASS, LINEN, ETC.) AND THUS NOT
SUBSTITUTABLE WITH US GOODS.
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